

F. ASSETS AND SERVICES PROVIDED TO THE COMPANY BY AFFILIATES (cont'd)

Technology Research Support

This service provides resources to manage applied research programs, assess new technologies, advisory services and intellectual property management and consulting support.

Telecommunications Services – Cost

Transport costs for Telephone Company services, telecommunications-related management consulting and miscellaneous staff support functions are provided at FDC.

Telecommunications Services- Tariff

Provision of services covered by federal and/or state tariffs.

Teleconference Service

This service offers teleconferencing service to the Company.

Training and Development

This service provides the Company with database training for listings and directories, development of training curriculum; consulting for training programs; assessment and implementation of culture change; and provision of training courses.

Asset/Service Provided	SBC ASI	SBC MSI	SBC SBO	SBC SVS	SBC LD	SAI	SNET DG	SNET Info. Svc.	Cingular	SNET HOCO	SBGS	SBC TI	SWB Mess- aging	SBC Data- Comm	SWB VS	SBC IP	SBCI S	ASI	AT&T	SBC Enter.	AADS	PBI	SCI
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
Tariffed Rate																							
Telecommunications Services	D	O	D	D		D	D	D	O	D				D			D		D				
Property Rental Services				D															D				
Prevailing Price:																							
Billing Support Services	D				D				D										D				
Assets - Higher of Fair Market Value and Fully Distributed Cost																							
Inventory						O												O					
Vehicles			O	O		O	O				O												
Services - Higher of Fair Market Value and Fully Distributed Cost																							
Billing Support Services (FDC)						D	D																
Billing Support Services (FMV)						D	D		D						D								
Business Process Development & Design (FDC/FMV)	D				D														D				
Customer Care (FDC/FMV)																			D				
Engineering Support Services (FDC)	D																						
Fiber Broadband Services (FDC)																	D						
Marketing Svcs. And Support (FDC)	D				D									D					D				
Motor Vehicle Support (FDC)						O	O			O													
Network Operations Support (FDC)					D																		
Network Performance Monitoring/Engineering Monitoring Analysis System Service (FDC)					O																		
Power Management (FDC)					D																		

(1)- SBC Advanced Solutions, Inc.

(2)- SBC Management Services LP (FDC exception applies)

(3)- SBC Operations, Inc. (FDC exception applies)

(4)- SBC Services, Inc. (FDC exception applies)

(5)- SBC Long Distance, LLC

(6)- SNET America, Inc.

(7)- SNET Diversified Group, Inc.

(8)- SNET Information Services, Inc.

(9)- Cingular Wireless LLC

(10)- Southern New England Telecommunications, Corp. (FDC exception applies)

(11)- SBC Global Services, Inc.

(12)- SBC Telecom, Inc.

(13)- Southwestern Bell Messaging Services, Inc.

(14)- SBC DataComm, Inc.

(15)- Southwestern Bell Video Services, Inc.

(16)-SBC IP Communications, Inc.

(17)-SBC Internet Services, Inc.

(18)-Ameritech Services, Inc.

(19)-AT&T Corp. and Its Subsidiaries

(20)-SBC Enterprise Services, Inc.

(21)-Ameritech Advanced Data Services, Inc.

(22)-Pacific Bell Information Services

(23)-Sterling Commerce, Inc.

D = Daily

M = Monthly

A = Annually

W = Weekly

Q = Quarterly

O = Occasionally

** See "List of Assets and Services Provided" appearing earlier in Section V for a more detailed description of assets and services provided.

G. Affiliate Transactions from Telephone Company to Affiliates

Exhibit V-1

Asset/Service Provided	SBC ASI	SBC MSI	SBC SBO	SBC SVS	SBC LD	SAI	SNET DG	SNET Info. Svc.	Cingular	SNET HOCO	SBGS TI	SWB Mess- aging	SBC Data- Comm.	SWBV S	SBC IP	SB CIS	ASI	AT&T	SBC Enter.	AADS	PBI	SCI	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
Services - Higher of Fair Market Value and Fully Distributed Cost																							
Operator Services (FDC)							D																
Property Rental Services (FDC)/(FMV)	D	D	D	D	D	D	D	D	D	D	D	D	D	D				D				D	
Subscriber List Information (FDC)								D															
Telecommunications Svcs. (FDC)	D			D		D	D	D		D	D	D	O		D					O	O		
White Page Support (FDC)								D															

- (1)- SBC Advanced Solutions, Inc.
(2)- SBC Management Services LP (FDC exception applies)
(3)- SBC Operations, Inc. (FDC exception applies)
(4)- SBC Services, Inc. (FDC exception applies)
(5)- SBC Long Distance, LLC
(6)- SNET America, Inc.
(7)- SNET Diversified Group, Inc.
(8)- SNET Information Services, Inc.

- (9)- Cingular Wireless LLC
(10)- Southern New England Telecommunications, Corp. (FDC exception applies)
(11)- SBC Global Services, Inc.
(12)- SBC Telecom, Inc.
(13)- Southwestern Bell Messaging Services, Inc.
(14)- SBC DataComm, Inc.
(15)- Southwestern Bell Video Services, Inc.
(16)- SBC IP Communications, Inc.

- (17)-SBC Internet Services, Inc.
(18)-Ameritech Services, Inc.
(19)-AT&T Corp. and its Subsidiaries
(20)-SBC Enterprise Advanced Data Services, Inc.
(21)-Ameritech Advanced Data Services, Inc.
(22)-Pacific Bell Information Services
(23)-Sterling Commerce, Inc.

D = Daily M = Monthly A = Annually
W = Weekly Q = Quarterly O = Occasionally

** See "List of Assets and Services Provided" appearing earlier in Section V for a more detailed description of assets and services provided.

Asset/Service Provided	SBC ASI (1)	SBC MSI (2)	SBC SBO (3)	SBC SVS (4)	SBC Lab (5)	SAI (6)	ASI (7)	SNET DG (8)	SNET Info. Svc. (9)	Cingular (10)	SNET Real Estate (11)	SNET HOCO (12)	SWB Mess aging (13)	SBCI S (14)	AMSI (15)	SBC Globa I (16)	Sterling (17)	AT&T (18)	SBC Enter. (19)
Tariffed Rate																			
Telecommunications Services	D					D												D	
Prevailing Price																			
Cellular Telephone Service										D									
Communications Equip. & Svcs.						D							D						
Facsimile Service						D													
Inside Wiring						D													
Operator Services																			
Telecommunications Services								D							D			D	
Teleconference Services						D													
Assets - Lower of Fair Market Value and Fully Distributed Cost																			
Vehicles			O	O												O			
Services - Lower of Fair Market Value and Fully Distributed Cost																			
Advertising (FDC)		D																	
Billing Services (FDC)				D						D									
Broadband IP Services (FDC/FMV)														D					
Business Process Development & Design (FDC)			D																
Corporate Governance Svcs. (FDC)		D										D							
Customer Care (FDC/FMV)			D													D		D	D
Data Processing (FDC)				D															
Directory Svcs. (FDC)									D										
Finance Operations			D	D															
Leased Space (FDC)											D	D							
Leased Space (FMV)											D								

(1)- SBC Advanced Solutions, Inc.

(2)- SBC Management Services LP (FDC exception applies)

(3)- SBC Operations, Inc. (FDC exception applies)

(4)- SBC Services, Inc. (FDC exception applies)

(5)- SBC Laboratories, Inc. (FDC exception applies)

(6)- SNET America, Inc.

(7)- Ameritech Services, Inc. (FDC exception applies)

(8)- SNET Diversified Group, Inc.

(9)- SNET Information Services, Inc.

(10)- Cingular Wireless LLC

(11)- SNET Real Estate, Inc.

(12)- Southern New England Telecommunications, Corp. (FDC exception applies)

(13)- Southwestern Bell Messaging Services, Inc.

(14)- SBC Internet Services, Inc.

(15)-Ameritech Mobile Services, Inc.

(16)-SBC Global Services, Inc.

(17)-Sterling Commerce, Inc.

(18)-AT&T Corp. and Its Subsidiaries

(19)-SBC Enterprise Services, Inc.

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** See "List of Assets and Services Provided" appearing earlier in Section V for a more detailed description of assets and services provided.

Asset/Service Provided	SBC ASI	SBC MSI	SBC SBO	SBC SVS	SBC Lab	SAI	ASI	SNET DG	SNET Info. Svc.	Cingular	SNET Real Estate	SNET HOCO	SWB Mess- aging	SBCIS	AMSI	SBC Globa l	Sterlin g	AT&T	SBC Enter.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Services - Lower of Fair Market Value and Fully Distributed Cost (cont'd)																			
Mktng Svcs. & Support (FDC)			D									D						D	
Mktng Svcs. & Support (FMV)																D			
Material Mgmt. & Distr. (FDC)				D			D												
Motor Vehicle Support (FDC)				D															
Ntwk & Mkt Plng & Direction			D	D			D												
Payroll Services (FDC)				D															
Personnel Services (FDC)												D							
Property & Mtce. Svcs. (FDC)				D															
Real Estate Support Svcs. (FDC/FMV)																		D	
Tech. Research Support (FDC)					D														
Telecommunications Svcs. (FDC)			D			D								D			O		
Training & Development (FDC)				D								D							

(1)- SBC Advanced Solutions, Inc.

(8)- SNET Diversified Group, Inc.

(15)-Ameritech Mobile Services, Inc.

(2)- SBC Management Services LP (FDC exception applies)

(9)- SNET Information Services, Inc.

(16)-SBC Global Services, Inc.

(3)- SBC Operations, Inc. (FDC exception applies)

(10)- Cingular Wireless LLC

(17)-Sterling Commerce, Inc.

(4)- SBC Services, Inc. (FDC exception applies)

(11)- SNET Real Estate, Inc.

(18)-AT&T Corp. and Its Subsidiaries

(5)- SBC Laboratories, Inc. (FDC exception applies)

(12)- Southern New England Telecommunications, Corp. (FDC exception applies)

(19)-SBC Enterprise Services, Inc.

(6)- SNET America, Inc.

(13)-Southwestern Bell Messaging Services, Inc.

(7)- Ameritech Services, Inc. (FDC exception applies)

(14)-SBC Internet Services, Inc.

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The Southern New England Telephone Company
Cost Allocation Manual

SECTION VI
COST APPORTIONMENT TABLES

COST APPORTIONMENT TABLES

OVERVIEW

This Section contains the apportionment bases used to assign and allocate costs to regulated and nonregulated cost objectives for each applicable USOA-Part 32 account. The Cost Apportionment Tables (Tables) and a summary of tables' development are included in this section.

With respect to the application of the general allocator, this cost apportionment method requires special consideration since it is associated with expenses that are general in nature and can neither be directly assigned nor attributed to regulated or nonregulated operations. The Companies' CAM only uses the general allocator wherever costs can not be directly assigned or otherwise attributed, either directly or indirectly. The use of the general allocator is justified for certain types of expenses, such as accounting and finance, research and development, and external relations. This justification is based on two distinct premises. First, by definition, the expenses that the general allocator is applied to are unattributable. These expenses have no other rational cost apportionment method available for cost allocation purposes. Second, the Companies' accounting systems do not provide a practicable means to capture the information sufficient to support the development of a more cost causative apportionment.

UNIFORMITY OF ACCOUNTS

In order to obtain greater uniformity in LEC cost allocator practices, the FCC issued minimum cost pool requirements and specific allocation procedures for Part 32 accounts which contain large amounts of nonregulated costs.

On July 1, 1993, the FCC issued Memorandum and Opinion Order, Implementation of Further Cost Allocation Uniformity AAD 92-42. This order directs LECs to revise their CAMs to the extent necessary to distinguish properly among "direct assignment," "direct attribution," and "indirect attribution" and to implement uniform cost pools and allocation procedures for ten accounts:

- 2111-Land
- 2112-Motor Vehicles
- 2121-Buildings
- 2311-Station Apparatus
- 2341-Large Private Branch Exchanges
- 6112-Motor Vehicle Expense
- 6121-Land and Building Expense
- 6311-Station Apparatus Expense
- 6341-Large Private Branch Exchange Expense
- 6362-Other Terminal Equipment Expense.

COST APPORTIONMENT TABLES DEVELOPMENT

The Tables contain the following information, in column format, for each applicable USOA-Part 32 account:

- COLUMN 1 – USOA-PART 32 ACCOUNT: USOA-Part 32 account number and title.
- COLUMN 2 – COST POOL: The cost pools into which the account is apportioned. Cost pools represent homogeneous groups of costs and reflect the USOA-Part 32 account structure unless further disaggregation is required.
- COLUMN 3 – Cost Pool Identification: Method for apportioning the USOA-Part 32 account into the defined cost pools.
- COLUMN 4 – Cost Pool Apportionment Basis: Method for apportioning the defined cost pools to regulated and nonregulated cost objectives.
- COLUMN 5 – Comments: Additional information provided where appropriate.

Following is a brief discussion on each section of the Cost Apportionment Tables.

COST POOLS

A cost pool represents a homogeneous group of costs within the USOA Part 32 account structure. A cost pool allows further subdivision of an account as necessary to permit analysis based on cost causation.

Direct Cost Pool or Directly Assigned represents revenues, expenses, and investments which can be identified to have been incurred exclusively for regulated services or nonregulated activities.

Directly Attributed represents common costs such as revenues, expenses, and investments which are allocated between regulated and nonregulated activities based on direct measures of cost-causation or direct analysis of the origin of the costs themselves.

All Other costs are apportioned using some method of indirect measures of cost-causation, or general allocation where no causal relationship exists.

COST POOL IDENTIFICATION

This description of the identification section of the cost apportionment tables presents the basis by which an account is split into cost pool categories. Most cost pools are populated by means of Accounting Codes. Accounting Codes include:

- Accounts
- Subaccounts
- Field Reporting Codes (FRCs)
- Aliases (previously known as Special Purpose Function Codes)
- Expenditure Codes (XCs)
- Responsibility Codes (RCs)
- Continuing Property Records (CPR)
- Activity Codes
- Equipment Category Number (ECN)
- Project Numbers

Utilization of a particular Accounting Code depends upon the type of expenditure being captured. The descriptions below outline the basis for the cost assignments included in the cost apportionment tables.

Based on Description of Accounting Code(s)

An analysis of Accounting Codes is used to identify selected cost pools. Accounting Codes are used in operations to report activities for which time and expenses are incurred. Separate Accounting Codes are used with investment accounts to record the capitalized investments of an account.

Accounting Codes associated with operations are assigned to specific work activities and are reported by employees using positive time reporting procedures.

Accounting Codes associated with investment accounts are used to identify unique classifications of plant within an account.

Accounting codes are pre-assigned to all employees based on an analysis of their normal work activities. When these employees work on other activities, their work is reported through exception time reporting procedures.

Selected cost pools in the following accounts use the description of accounting codes as a basis for pool assignment:

1220		4300		6534	6720
1410		4340	6362	6535	7100
2003		6114		6561	7240
2112		6121	6512	6564	7300
2124		6123	6531	6611	
2212	2690	6124	6532	6613	
2232	3100	6212	6533	6623	
2362		6232			

COST POOL IDENTIFICATION (cont.)

Analysis of Building Use

The Company maintains **continuing property records (CPR)** of all of its buildings. This CPR associates **building locations** with functions by building that can be used to separate **the CPR dollars for each building location** into **cost pools**. These **cost pools** include: Central Office, Distribution Services, Network Operations, Customer Operations, Corporate Operations and Rented to **Others**.

Once the **CPR dollars** have been derived for each of the Building cost pools listed above, a ratio of that cost pool's **CPR dollars** to total **CPR dollars** in a jurisdiction is developed. These ratios are applied to the total building investment in a jurisdiction to determine the level of building investment for that cost pool.

Thus a building by building analysis is performed and the ratios developed by this analysis are applied to **the** total building investment within the Company. This study is performed at least annually.

Account 2121 uses analysis of building use as a basis for assigning costs to pools.

Analysis of Motor Vehicle Records

The Companies maintain an inventory file of all their motor vehicles. This inventory associates motor vehicle costs with motor vehicle numbers and function codes. The motor vehicle numbers have a unique identification number that is used to populate the Distribution Services-Construction Sub-pool. The remaining pools, i.e., the Corporate Operations, Distribution Services-Installation and Maintenance, Central Office, Network Operations, Customer Operations and Motor Pools, are populated by matching the function code on the motor vehicle inventory file with the related pool category. This study is performed at least annually.

Selected cost pools in Accounts 2112, Motor Vehicles, use this basis for assigning costs.

COST POOL IDENTIFICATION (cont.)

Analysis of Equipment Inventory Records

Analysis of equipment inventory records is performed when an account cannot be disaggregated into homogeneous cost pools using other detailed information. This disaggregation assures maximum direct assignment of costs to regulated services and nonregulated activities.

The equipment inventory records are analyzed in those instances when they help to identify equipment dedicated to either regulated services or nonregulated activities.

Analysis of equipment inventory records is the basis for assigning costs to selected cost pools in the following account:

2212 2232

Cost Pool Equals Account

When an entire account is considered homogeneous, it is assigned to a single cost pool. A cost pool can be directly assigned to regulated services or nonregulated activities. If the cost pool cannot be directly assigned, then it is allocated on some other basis. The specific allocation method used depends upon the account involved.

Selected cost pools in the following accounts use cost pool equals account as a basis for assigning costs to pools:

1438	2220	2682	6211	6426	7220
1500	2231	3420	6231	6441	7230
2111	2411	4040	6311	6540	7250
2114	2421	4370	6341	6562	7500
2122	2422	5001-5230	6411	6563	7910
2123	2423	5280	6421	6621	
2211	2424	5300	6422	6622	
	2426	6112	6423	7210	
	2441	6122	6424		

Account Balance Less Amounts Assigned to the Direct Cost Pool

After determining the directly assigned costs for an account, those costs are removed from the account balance. Then if the remainder of the account is considered homogeneous, it is assigned to a cost pool. The cost pool is then allocated according to its specifications.

A selected cost pool in Account 6123 uses account balance less amounts assigned to the direct cost pool as a basis for assigning costs to the pool.

COST POOL IDENTIFICATION (cont.)

Account Balance Less Amount Assigned to Other Cost Pool(s)

This methodology is used when the residual portion of an account is assigned to a single cost pool, after excluding a homogeneous group of costs which are directly assigned or allocated. The exception group of costs will be assigned to a cost pool (or pools) and directly assigned or allocated according to its specifications, while the residual account balance will be directly assigned or allocated, according to its specifications.

A selected cost pool in Account 6124 uses account balance less amount assigned to the cost pools as a basis for assigning costs to the pool.

COST POOL APPORTIONMENT BASIS

This description of the apportionment method section of the Cost Apportionment Table presents the method which a pool is apportioned between regulated and nonregulated activities. Whenever possible, cost pools are established using accounting codes to provide for the direct assignment of costs to regulated services and non regulated activities. When a cost pool cannot be directly assigned, then an allocation must be made. If direct assignments are not available, then direct measures of cost causation are used to make apportionments. Indirect measures of cost causation are used when no direct method exists. Finally, when there are no direct or indirect measures of cost causation available, either a marketing allocator or a general allocator is applied. In some instances direct assignments to regulated or nonregulated occur in an account where a direct cost pool does not exist. This could be due to either reconciliation activity at year-end, or exception time reporting in an account where it was not anticipated. Since these occasions are infrequent and not regularly expected, direct cost pools are not established. The bases for the apportionments in the Cost Apportionment Tables are outlined below. (Please refer to Section VII for sampling apportionment methodology description.)

Assigned to Nonregulated

When a cost pool is identified as incurred exclusively for nonregulated activities, then a direct assignment to nonregulated is made.

Selected cost pools in the following accounts have a direct assignment to nonregulated activities as a basis for allocating costs:

1220	2362	2690	6124		6564
2003		3100	6212		6611
2212		5280	6232	6434	6623
2232		6121	6362	6561	6720

COST POOL APPORTIONMENT BASIS (cont.)

Assigned to Regulated

When a cost pool is identified as incurred exclusively for regulated services, then a direct assignment to regulated is made. Selected cost pools in the following accounts have a direct assignment to regulated services as a basis for allocating costs:

1410	2411	4370	6231	6531	6622
1438	2421	5001-5230	6232	6532	6623
1500	2422	5300	6362	6533	6720
2003	2423	6114	6411	6534	7100
2211	2424	6121	6421	6535	7300
2212	2426	6123	6422	6540	7500
2220	2441	6124	6423	6561	7910
2231	3100	6211	6424	6611	
2232	4040	6212	6426	6613	
2362	4300	6220	6441	6621	

Relative Value of Current Month Salaries and Wages

For those accounts where relative value of salaries and wages is specified as the basis for apportioning costs between regulated services and nonregulated activities, a nonregulated percentage is developed from the current month salaries and wages in a specified group of accounts. The nonregulated percentage is developed by dividing the nonregulated salaries and wages in the specified accounts by the total salaries and wages in the accounts.

The amount apportioned to nonregulated would be calculated by multiplying the ratio of nonregulated current month salaries and wages to total current month salaries and wages in the specified accounts by the total value of the cost pool.

When Accounts 2111 through 2690, Telephone Plant In Service (TPIS), are used as a basis of apportionment, the related accumulated depreciation and amortization included therein and in Accounts 3100 through 3420 and related occurrences in Accounts 2002 through 2005 are also included in the allocator. The inclusion of accumulated depreciation/ amortization and occurrences in 2002 through 2005 are determined on an accounting code by accounting code basis. For example, if the salaries and wages in Account 2212, Accounting Code 377C are the basis of apportionment, then the accumulated depreciation and 2002 through 2005 occurrences related to Accounting Code 377C are also included in the allocator.

Relative value of salaries and wages is used to apportion regulated and nonregulated costs for selected cost pools in the following accounts:

1220	2682	6532	6534	6720
2114	6114	6533	6611	

COST POOL APPORTIONMENT BASIS (cont.)

Relative Value of Current Year Salaries and Wages

The relative value of current year salaries and wages allocators are calculated the same as the relative value of current month salaries and wages allocators (see previous explanation). The terminology "current year" is used to be consistent with the Uniformity Order; any portion of current year can be used and still comply with the Order. This CAM uses current month salaries and wages.

2112 2121

Company Current Month Salaries and Wages

Salaries and wages as determined are used to distinguish regulated services and nonregulated activities for cost pools in the accounts listed below. This indirect attribution uses the ratio of current month regulated services and nonregulated activities previously allocated current month salaries and wages as the basis for the apportionment of selected cost pools.

An apportionment to nonregulated would be made by dividing the previously allocated nonregulated salaries and wages in the 2000, 3000, 6000, and 7000 series of accounts by the previously allocated salaries and wages in the account series.

1410	2123	4100	4340	6123	6534
2122	2124	4300	6122	6124	6720

Current Month Company Salaries and Wages Excluding Specified Salaries and Wages

Salaries and wages excluding specified salaries and wages are used to distinguish regulated services and nonregulated activities for cost pools in the accounts listed below. This indirect attribution uses the ratio of regulated services and nonregulated activities previously allocated salaries and wages less specified salaries and wages as the basis for the apportionment of selected cost pools.

An apportionment to nonregulated would be made by dividing the previously allocated nonregulated current month salaries and wages in the 2000, 3000, 6000, and 7000 series of accounts less the specified current month salaries and wages identified in the Cost Pool Matrix by the related previously allocated current month salaries and wages.

Cost Pools in the following accounts use this method of apportionment to allocate nonregulated costs:

2124 6720

COST POOL APPORTIONMENT BASIS (cont.)

Analysis of Use of the Rented Asset

Rented Land and Building Assets are directly attributed to regulated and nonregulated based on analyzing the purpose for which the rented asset is used. This method of attribution is used to apportion the Operating Rent Cost Pool in Account 6121, Land and Building Expense.

Relative Investment Value

For those accounts where relative investment value is specified as the basis of apportioning costs between regulated services and nonregulated activities, a nonregulated percentage is developed from a specific investment component. The nonregulated percentage is developed by dividing the nonregulated investment in the specified accounts by the total investment in the accounts. Accounts allocated on relative investment provide for a direct causal apportionment.

The amount apportioned to nonregulated would be calculated by multiplying the ratio of nonregulated investment to total investment by the total value of the cost pool.

Relative investment value is used to apportion regulated and nonregulated costs for selected cost pools in the following accounts:

1220	3100	6124	6561	7210
2003	3420	6512	6563	7240
2121	4340	6531	6564	7300
2690	6112	6535	6720	7500

Directly Attributed to Regulated/Nonregulated Based on the Definition of the Cost Pool

The basis for assigning costs to cost pools in Account 2121, Buildings, and the Operating Rent Cost Pool in Account 6121, Land and Building Expense, is by usage studies on the costs. When these cost pools can be identified as exclusively associated with regulated or nonregulated activities, then the total cost pool is assigned to regulated or nonregulated appropriately.

COST POOL APPORTIONMENT BASIS (cont.)

Relative Value of Account(s) (or Portion of Account(s))

For those accounts where a related account (or portion of account(s)) is specified as the basis of apportioning costs between regulated services and nonregulated activities, a percentage is developed to reflect the proportion of the nonregulated cost component to the total. The percentage is then multiplied by the value of the cost pool to apportion costs to nonregulated. This methodology is used for selected cost pools in the following accounts as it provides for an indirect causal apportionment between the related accounts:

2690 6720 7240

Relative Value of Telco Marketing Costs in Accounts

For those accounts where telco marketing costs are specified as the basis of apportioning costs between regulated services and nonregulated activities, a percentage is developed to reflect the proportion of the directly assigned and attributed nonregulated telco marketing cost component to total directly assigned and attributed telco marketing costs. Telco marketing costs are calculated by summing total directly assigned and attributed marketing costs, less directly assigned and attributed affiliate joint marketing costs, in Accounts 6611, 6613, 6623 and 6720. The nonregulated percentage is then multiplied by the value of the cost pool to apportion costs to nonregulated. This methodology provides an indirect causal apportionment methodology for selected cost pools in the following accounts:

6611 6613 6623 6720

Tax Allocation-Operating Federal Income Tax, State and Local Income Taxes and Provision for Deferred Operating Income Taxes-Net

The common cost pools in Accounts 7220, 7230 and 7250 are allocated based on operating book income before income taxes less interest expense.

COST POOL APPORTIONMENT BASIS (cont.)

Relative Value of Cost Pool(s)

The relative value of cost pool(s) is used as a method of apportionment when one cost pool is allocated based on others. An assignment to nonregulated is made by developing the percentage of nonregulated costs in the specified cost pools to total costs in the specified cost pools and applying it to the value of the cost pool to be apportioned.

Selected cost pools in the following accounts are apportioned based on the relative value of cost pools:

2111	6121	6124	6611	6720
------	------	------	------	------

Marketing Allocator

The marketing allocator is used to apportion cost pools of marketing expenses for which no other cost causative cost apportionment method exists. The marketing allocator is based on directly assigned and attributed marketing costs obtained from selected cost pools containing marketing costs in accounts 6611, 6613, 6623 and 6720, as applicable. (Note: Costs allocated by the general allocator or the marketing allocator cannot be used to create the marketing allocator.)

Account 6611 uses the marketing allocator to apportion marketing expenses.

General Allocator

The general allocator apportions cost pools for which no other cost causative cost apportionment method exists.

Accounts which have selected cost pools apportioned using the general allocator include:

4300	6720	7100	7240	7300
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Not Applicable (Uniformity – Cost Pool not in use)

Direct cost pools exist in some accounts solely as place holders for the cost pools required per Uniformity. For example, the directly assigned pools in Account 2121, Buildings, are not in use by the Companies. These are accordingly marked "Not Applicable (Uniformity – Cost Pool not in use)."

2111	2121	2341	6311
2112	2311	6112	6341

USOA PART 32 ACCOUNT
ACCOUNT TITLE

	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
1220 Inventories	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	SNET rarely uses this cost pool.
	Central Office Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative regulated and nonregulated investment value of central office equipment in Accounts 2211 through 2232.	
	Cable and Wire Facilities Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of Cable and Wire Facilities current month salaries and wages in Accounts 2411 through 2441 and 6411 through 6441.	
	Other Inventories Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative regulated and nonregulated investment value of Account 2001, Telecommunications Plant In Service.	
1410 Other Noncurrent Assets	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	Includes prior Accounts 1401, 1402, 1407 and 1408. Amounts in this cost pool will be excluded from ratemaking in the Separations process; thus allocation between regulated and nonregulated is not necessary.
	Other Noncurrent Assets Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages.	Includes prior Account 1410.
1438 Deferred Maintenance, Retirements and Other Deferred Charges	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	Amounts in this account will be excluded from ratemaking in the Separations process; thus allocation between regulated and nonregulated is not necessary. Includes prior Accounts 1438 and/or 1439.
1500 Other Jurisdictional Assets - Net	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	Amounts in this account will be excluded from ratemaking in the Separations process; thus allocation between regulated and nonregulated is not necessary.

USOA PART 32 ACCOUNT
ACCOUNT TITLE

2002 Property Held For
Future Telecommunications
Use

2003 Telecommunications
Plant Under Construction

2005 Telecommunications
Plant Adjustment

2111 Land

2112 Motor Vehicles

COST POOL

COST POOL IDENTIFICATION

COST POOL APPORTIONMENT BASIS

COMMENTS

Not Applicable.	Not Applicable.	Not Applicable.	SNET has no investment in this account.
Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	SNET rarely uses this cost pool.
Common Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative regulated and nonregulated investment value of Accounts 2211 through 2232 and 2411 through 2441.	
Not Applicable.	Not Applicable.	Not Applicable.	SNET has no investment in this account. Includes prior Accounts 2005 and 3600.
Directly Assigned Regulated	Not Applicable	Directly Assigned to Regulated.	SNET does not have land which can be directly assigned. Not applicable (Uniformity - Cost Pool not in use).
Directly Assigned Nonregulated	Not Applicable	Directly Assigned to Nonregulated.	SNET does not have land which can be directly assigned. Not applicable (Uniformity - Cost Pool not in use).
Common Cost Pool	Cost Pool Equals Account	Indirectly attributed based on the relative value of the common Buildings Cost Pools in Account 2121, Buildings.	
Directly Assigned Regulated	Based on description of accounting codes and analysis of motor vehicle records.	Directly Assigned Regulated.	SNET does not have Motor Vehicles which can be directly assigned to regulated. Not applicable (Uniformity - Cost Pool not in use).

USOA PART 32 ACCOUNT
ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
2112 Motor Vehicles (Cont.)	Directly Assigned Nonregulated	Not Applicable	Directly Assigned Nonregulated.	SNET does not have Motor Vehicles which can be directly assigned to nonregulated. Not applicable (Uniformity - Cost Pool not in use).
	Central Office Cost Pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Central Office current year salaries and wages in Accounts 2210 through 2232 and Accounts 6210 through 6232.	
	Distribution Services – Installation and Maintenance Sub-pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Distribution Services current year salaries and wages in Accounts 2310 through 2441, and 6310 through 6441.	
	Distribution Services – Construction Sub-pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Cable and Wire Facilities current year salaries and wages in Accounts 2410 through 2441, and 6410 through 6441.	
	Network Operations Cost Pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Network Operations current year salaries and wages in Accounts 6113 through 6124, and 6510 through 6535.	
	Customer Operations Cost Pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Customer Services current year salaries and wages in Accounts 6610 through 6623.	
	Corporate Operations Cost Pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Corporate Operations current year salaries and wages in Account 6720.	
	Motor Pool	Not Applicable	Indirectly attributed based on relative value of the current year salaries and wages of those employees served by the motor pools.	SNET does not have Motor Vehicles which can be indirectly attributed using the Motor Pool. Not applicable (Uniformity – Cost Pool not in use).
2113 Aircraft	Not Applicable	Not Applicable	Not Applicable	SNET has no investment in this account.

USOA PART 32 ACCOUNT

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
2114 Tools and Other Work Equipment	Other Work Equipment Cost Pool	Cost Pool Equals Account	Indirectly attributed based on relative value of current month salaries and wages in Accounts 2211 through 2441 and 6211 through 6441.	
2121 Buildings	Directly Assigned Regulated	Not Applicable	Directly Assigned Regulated.	SNET does not have buildings which can be directly assigned to regulated. Not applicable (Uniformity – Cost Pool not in use).
	Directly Assigned Nonregulated	Not Applicable	Directly Assigned Nonregulated.	SNET does not have buildings which can be directly assigned to nonregulated. Not applicable (Uniformity – Cost Pool not in use).
	Directly Attributed Regulated	Analysis of building use.	Directly attributed to regulated.	Includes portions of buildings which are rented to others.
	Directly Attributed Nonregulated	Not Applicable	Directly attributed to nonregulated.	SNET does not have buildings which can be directly attributed to nonregulated. Not applicable (Uniformity – Cost Pool not in use).
	Central Office Cost Pool	Analysis of building use.	Indirectly attributed based on relative regulated and nonregulated investment value of Central Office equipment in Accounts 2210 through 2232, excluding investment in central office equipment in buildings directly assigned to regulated or nonregulated activities.	
	Distribution Services Cost Pool	Analysis of building use.	Indirectly attributed based on relative value of Distribution Services current year salaries and wages in Accounts 2310 through 2441, and 6310 through 6441, excluding such salaries and wages associated with personnel who are assigned to buildings that are directly assigned to regulated or nonregulated activities.	

USOA PART 32 ACCOUNT
ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
2121 Buildings (Cont.)	Network Operations Cost Pool	Analysis of building use.	Indirectly attributed based on relative value of Network Operations current year salaries and wages in Accounts 6110 through 6124 (excluding 6121) and 6510 through 6535, excluding such salaries and wages associated with personnel who are assigned to buildings that are directly assigned to regulated or nonregulated activities.	
	Customer Operations Cost Pool	Analysis of building use.	Indirectly attributed based on relative value of Customer Operations current year salaries and wages in Accounts 6610 through 6623, excluding such salaries and wages associated with personnel who are assigned to buildings that are directly assigned to regulated or nonregulated activities.	
	Corporate Operations Cost Pool	Analysis of building use.	Indirectly attributed based on relative value of Corporate Operations current year salaries and wages in Account 6720, excluding such salaries and wages associated with personnel who are assigned to buildings that are directly assigned to regulated or nonregulated activities.	
2122 Furniture	Furniture Cost Pool	Cost Pool Equals Account	Indirectly attributed based on company current month salaries and wages.	
2123 Office Equipment	Office Equipment Cost Pool	Cost Pool Equals Account	Indirectly attributed based on company current month salaries and wages.	
2124 General Purpose Computers	Microcomputers Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages.	
	General Purpose Operations Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages (excluding current month salaries and wages apportioned to affiliate joint marketing).	

USOA PART 32 ACCOUNT
ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
2211 Nondigital Switching	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	Includes prior Accounts 2211 and/or 2215. SNET rarely uses this account.
2212 Digital Electronic Switching	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes and analysis of equipment inventory records.	Directly Assigned to Nonregulated	
2220 Operator Systems	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	
2231 Radio Systems	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	
2232 Circuit Equipment	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes and analysis of equipment inventory records.	Directly Assigned to Nonregulated	
2311 Station Apparatus	Direct Cost Pool	Not Applicable	Directly Assigned to Regulated	Not Applicable (Uniformity - cost pool not in use). SNET has no investment in this account.
	Direct Cost Pool	Not Applicable	Directly Assigned to Nonregulated	Not Applicable (Uniformity - cost pool not in use). SNET has no investment in this account.
2321 Customer Premises Wiring	Not Applicable	Not Applicable	Not Applicable	SNET has no investment in this account.